

Domestic Electricity Business ~Power Generation & Sales~

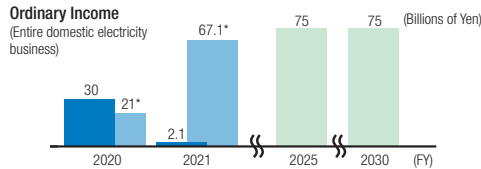


Executive Director,
Energy Service
Headquarters
Yasuji Akiyama

We will take on the challenge of developing our energy services to contribute to the sustainable and prosperous growth of society.

Vision for the Future

We aim to achieve our management vision of “providing more prosperous, comfortable living to become our customers’ No. 1 choice” and ¥75 billion in ordinary income (50% of the ¥150 billion consolidated ordinary income target for 2030) by providing a stable supply of environmentally-friendly energy and energy services that meet the needs of our customers.



*Excluding the delayed effects of fuel cost adjustments

FY2030 Management Targets

- Total electric power sales of 120 billion kWh (incl. overseas)
- Permanent pursuit of a reasonable price for electricity
- Reduce supply chain GHG emissions by 60% (Reduce by 60% for domestic business (compared to FY2013))
- Contribute to the electrification of Kyushu (Household: 70%; Commercial: 60%)

FY2025 Forecast

- Total electric power sales of 105 billion kWh

FY2021 Assessment

- Ordinary income decreased from the previous fiscal year due to the delayed effects of fuel cost adjustments caused by higher fuel prices, but rose to ¥67.1 billion when excluding these effects thanks to an increase in total electric power sales (retail and wholesale) and high utilization of nuclear power generation
- Ensured maximum supply capacity through the coordinated operation of our nuclear, thermal, pumped-storage and other power generation facilities, achieving a stable supply of electricity to meet our sales throughout the year, including the summer and winter months when supply and demand is tight

Strengths

- Power Generation**
 - Top-level ratio of non-fossil fuel power sources among major Japanese electric power companies
 - Both a cost competitive and stable supplier thanks to stable nuclear power operations and a well-balanced energy mix
- Retail**
 - A customer base built on close ties to the local community with 50 sales offices throughout Kyushu
- Energy Trading & Supply-Demand Coordination**
 - Optimized procurement and sales operations in both fuel and electricity markets based on demand trends for retail and wholesale electricity

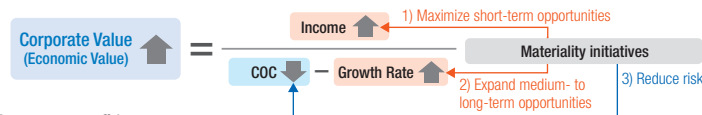
Business Environment

- Opportunities**
 - Increased importance of stable power supply
 - Growing interest in carbon neutrality in Japan and overseas
- Risks**
 - Volatility in the fuel, wholesale electricity, and foreign exchange markets
 - Increased investment expenditures and costs related to lower carbon intensity and decarbonized power sources
 - Decrease in opportunities for thermal power generation due to expanded adoption of renewable energy
 - Unplanned power supply outages
 - Changes in regulations related to electric utilities

Business Strategy

- **Stable power supply**
Our domestic electricity business has provided a stable supply of low-cost electricity thus far, but in light of recent fuel cost spikes and price hikes in the wholesale electricity market, the importance of stable supply is becoming even more critical. Our power generation, retail, energy trading, and supply-demand coordination divisions will work in unison and we will do our utmost to ensure a stable supply by taking an agile approach to procuring fuel in response to market movements, maximizing our use of nuclear power and its advantages in terms of energy security, and reviewing our thermal power station repair schedule to secure adequate supply capacity during periods of heavy load.
- **Promoting carbon neutrality**
In response to society’s need for decarbonized sources of power, we will strive to make renewable energy a primary power source by promoting its development Group-wide. Thermal power generation plays an important role as an adjustable resource that can complement the fluctuating output of renewable energy, and as such we will push for greater efficiency and the use of carbon-free fuels. Alongside these efforts to provide lower carbon intensity and decarbonized sources of power, we will also trade the non-fossil value generated by our non-fossil power sources, promote electrification across all parts of society, engage in face-to-face sales to make the most of our direct contact with customers, and develop proposals for renewable energy rate plans based on the growing need for decarbonized electricity.

Efforts to Create Corporate Value



1) Maximize short-term opportunities (Increase profit)

- Optimize fuel and electricity procurement and sales operations based on market trends
- Continue safe and stable thermal and nuclear power station operations by consistently carrying out daily inspections and periodic operator inspections
- Develop renewable energy Group-wide to make renewable energy a primary power source
- Provide rate plans and services that meet growing customer needs for decarbonized electricity

Leading the Way Toward a Decarbonized Society
Implementing Continuous Improvements in Energy Services

2) Expand medium- to long-term opportunities (Increase growth rate (future growth expectations))

- Develop a state-of-the-art low CO₂ emission LNG combined-cycle power plant (to begin operations in FY2025)
- Collaborate on the development of hydrogen and ammonia supply chains and establish co-combustion technology
- Promote electrification across all areas in collaboration with partner companies
- Participate in the aggregation business, utilizing distributed resources such as large-scale battery storage

Leading the Way Toward a Decarbonized Society
Implementing Continuous Improvements in Energy Services
Strengthening Governance

3) Reduce risk (Lower the cost of capital)

- Hedge against the risk of market volatility in fuel prices and exchange rates by trading derivatives
- Use transition finance to achieve carbon neutrality by introducing high-efficiency LNG-fired thermal power stations
- Develop a response to multiple energy mix scenarios, taking into account national energy policies and other factors

Leading the Way Toward a Decarbonized Society
Implementing Continuous Improvements in Energy Services
Strengthening Governance

Domestic Electricity Business ~Transmission & Distribution~



President and Chief Executive Officer, Kyushu Electric Power Transmission and Distribution Co., Inc.

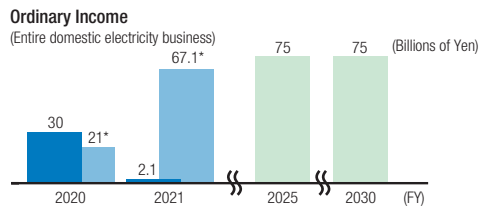
Takeshi Hirowatari

We will take on new challenges such as building the next-generation power transmission network.

Vision for the Future

Connecting Kyushu toward the Future

We will stably deliver low-cost, high-quality electricity that will satisfy all customers using our network, ensuring fairness, transparency, and neutrality in our business operations.



*Excluding the delayed effects of fuel cost adjustments

FY2021 Assessment

- The transmission and distribution business accounted for ¥7.1 billion of the domestic electricity business' ordinary income

Ordinary revenue increased 7.1% over the previous year to ¥599.8 billion, mainly due to higher wholesale electricity sales resulting from an upswing in purchases of renewable energy. Ordinary expenses increased 11.6% over the previous year to ¥592.7 billion, mainly due to upswings in purchases of renewable energy and the procurement of adjustable power from the supply-demand adjustment market.

- To increase Group-wide earnings, we will work to generate demand by utilizing all points of contact throughout our work, create new businesses, and promote our overseas operations

Strengths

Reliable operation of Transmission & Distribution Facilities Supporting Kyushu's Power Supply

- Transmission lines: 11,061 km; Distribution lines: 143,685 km
- Substations: 652
- Internal combustion power stations: 29
- Interconnected renewable energy: 15,180 MW

World-Class Electricity Quality

- Power outage frequency: 0.07/household (0.05/household: excl. disasters such as typhoons)
- Power outage duration: 3 mins/household (2 mins/household: excl. disasters such as typhoons)

Business Environment

- | Opportunities |
|---|
| <ul style="list-style-type: none"> Expansion of renewable energy and promotion of electrification to achieve carbon neutrality Introduction of a new wheeling fee scheme to secure capital for investments Advances in AI, IoT, and other digital technologies |
| Risks |
| <ul style="list-style-type: none"> Slowing growth in demand for wheeling services Progressive aging of facilities Increasing severity of natural disasters |

Business Strategy

We will promote the following initiatives to contribute to the sustainable enhancement of the Kyuden Group's corporate value, as well as the development and growth of the Kyushu region.

Achieve both stable supply and lower costs

We will further cement the sense of assurance and trust our customers and local communities have in us by continuing to provide a stable supply of low-cost, high-quality electricity.

Build a next-generation power transmission and distribution network to achieve carbon neutrality

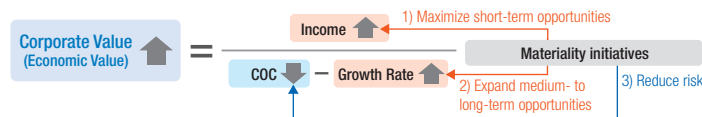
We will work to operate our power transmission and distribution network over a wide area and upgrade our supply and demand operation and grid stabilization technologies in response to a diverse array of needs, including for the greatest possible adoption of renewable energy, in order to meet the expectations of our customers and local communities.

Expand earnings by leveraging the Group's technological capabilities and assets

We will contribute to our customers' more prosperous lives as we expand our earnings by creating both demand as well as new businesses and services.

Promote initiatives that will help strengthen our business foundation

We will work to develop our human capital, improve productivity, and earn the trust of our local communities through harmonious co-existence while making employee health and safety our top priority, which is crucial for business continuity.



Efforts to Create Corporate Value

1) Maximize short-term opportunities (Increase profit)

- Upgrade and improve the efficiency of our maintenance and installation work by utilizing new technologies and promoting DX
- Develop demand generation programs (promoting electrification, attracting companies, etc.) utilizing all points of contact throughout our work

Main relevant materiality

Leading the Way Toward a Decarbonized Society
Implementing Continuous Improvements in Energy Services

2) Expand medium- to long-term opportunities (Increase growth rate (future growth expectations))

- Build a next-generation power transmission and distribution network to fully utilize the potential of renewable energy
- Creation of new businesses and promotion of overseas businesses by utilizing our proprietary technologies and assets, and by strengthening cooperation amongst Group companies

Leading the Way Toward a Decarbonized Society
Implementing Continuous Improvements in Energy Services

3) Reduce risk (Lower the cost of capital)

- Aim for efficient facility formation through streamlining, etc. in light of slowing demand growth
- Maintain and update supply facilities in an efficient and appropriate manner, including measures to prevent aging
- Strengthen internal and external collaboration aimed at quickly restoring power and sharing information after outages

Implementing Continuous Improvements in Energy Services
Strengthening Governance

Introducing a New Wheeling Fee Scheme (Revenue Cap System)

Starting in FY2023 a revenue cap (RC) system will be introduced in order to both secure the capital needed for investments in transmission & distribution and achieve cost efficiency, and promote renewable energy as a primary power source and strengthen grid resilience. We are committed to making steady investments and improving our efficiencies in line with the main objectives of the RC system.